

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 5501 PCB TEDAS 11-03 Department of Highway Safety and Motor Vehicles
SPONSOR(S): Transportation & Economic Development Appropriations Subcommittee, Horner
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Transportation & Economic Development Appropriations Subcommittee	13 Y, 0 N	Rayman	Davis
1) Appropriations Committee		Rayman	Leznoff

SUMMARY ANALYSIS

Proposed Committee Bill TEDAS 11-03 provides for the consolidation of functions within the Department of Highway Safety and Motor Vehicles by eliminating the Divisions of Driver Licenses and Motor Vehicles and creating the Division of Motorist Services. The bill makes changes to cross references throughout Florida Statutes, conforming to the new division.

The bill continues the transition of all driver license issuance services to tax collectors who are Constitutional officers. Specifically, the bill:

- Authorizes a tax collector to establish a branch office to conduct state business;
- Authorizes all county tax collectors, who are constitutional officers, as driver license agents upon such application;
- Provides all tax collectors, who are constitutional officers, shall assume all driver license issuance services by December 31, 2013;
- Authorizes the department to adopt rules and allow counties to create agreements to provide driver license services across county lines;
- Provides for revenue sharing between the department and tax collectors for replacement driver licenses and replacement identification cards.

The bill conforms to the House of Representatives proposed General Appropriations Act by realigning the department's budget authority to accommodate their structural shift to the Division of Motorist Services, and reduces budget authority to further the transition of driver license services to tax collectors.

The bill is estimated to have a positive fiscal impact on the Highway Safety Operating Trust Fund; approximately \$2.1 million in FY 2011-12.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Chapter 20, F.S., provides the organizational structure for the various departments.

Currently, section 20.24, F.S., provides for the establishment of the Department of Highway Safety and Motor Vehicles and three divisions within its structure to maintain safety on the highways, directly and in a supporting role. These are the Division of the Florida Highway Patrol (FHP), Division of Driver Licenses (DL), and the Division of Motor Vehicles (DMV).

Chapter 322, F.S., provides for driver license issuance, driver regulation, driver education, and problem driver improvement. Currently, the department shall authorize any or all tax collectors to serve as agents of the department upon application for specified driver's license services. However, all revenues associated with replacement driver licenses and identification cards are deposited in either the Highway Safety Operating Trust Fund or the General Revenue Fund, regardless of whether the department or a tax collector provides the service. This section also provides that the department, in conjunction with Florida Tax Collectors Association and the Florida Association of Counties, develop a plan to transition all driver license issuance services to county tax collectors and report their findings to the Legislature.

Proposed Changes

This bill amends section 20.24, F.S., to create a Division of Motorist Services within the department while eliminating the Division of Driver Licenses (DL) and the Division of Motor Vehicles (DMV) as two separate entities. The Division of Motorist Services is a merger of the DL and the DMV. Since the two divisions have similar functions and serve the same customers, merging the divisions will allow the department to capitalize on operational efficiencies and result in cost savings while enhancing customer service delivery.

This bill creates section 218.337, F.S., to provide that a tax collector may establish one or more branch offices by acquiring title to real property or by lease agreement. The tax collector may staff such branch offices to conduct state business only upon execution of an interagency agreement or, if authorized to do so by resolution of the county governing body, conduct business pursuant to s. (1) (k), Art. VIII of the State Constitution. The Department of Financial Services shall rely on the tax collector's determination that a branch office is necessary and shall base its approval of the tax collector's budget in accordance with the procedures of section 195.087(2), F.S.

This bill amends section 322.135, F.S., to provide that the department shall, upon application, authorize by interagency agreement all of the tax collectors who are constitutional officers to provide specified driver's license services.¹ All driver license issuance services shall be assumed by these tax collectors no later than December 31, 2013.

The department is authorized to adopt rules to create exceptions for small counties who cannot provide full driver license services; and counties may create inter-local agreements to provide licensing services across county lines. This section is also amended to delete language regarding the development and submittal of the transition plan.

Finally, the bill amends section 322.21(1), F.S., providing a revenue sharing arrangement between the department and the tax collector, depending on who provides the service. This bill allows the tax collector to retain the portion of funds previously deposited into the Highway Safety Highway Operating Trust Fund for all replacement driver license and identification cards issued at a tax collector office.

¹ Tax Collectors are constitutional officers in 64 of 67 counties. Dade, Broward, and Volusia counties are the three exceptions.

The Tax Collector would retain \$7 of the \$25 fee if they issue a replacement driver's license and \$9 of the \$25 fee if they issue a replacement identification card.

B. SECTION DIRECTORY:

Section 1. Amends section 20.24, F.S., conforming to the new division.

Section 2. Amends section 218.337, F.S., adds paragraph to allow tax collector to establish branch office to conduct state business upon execution of an interagency agreement.

Section 3. Amends section 288.816, F.S., conforming to the new division.

Section 4. Amends section 311.121, F.S., conforming to the new division.

Section 5. Amends section 316.1957, F.S., conforming to the new division.

Section 6. Amends section 316.613, F.S., conforming to the new division.

Section 7. Amends section 318.15, F.S., conforming to the new division.

Section 8. Amends section 320.05, F.S., conforming to the new division.

Section 9. Amends section 320.275, F.S., conforming to the new division.

Section 10. Amends section 322.02, F.S., conforming to the new division.

Section 11. Amends section 322.135, F.S., amends the section to authorize by an interagency agreement that tax collectors as constitutional officers under s. 1(d), Art. VIII of the State Constitution, may serve as the department's agent to issue driver's licenses.

Section 12. Amends section 322.20, F.S., conforming to the new division.

Section 13. Amends section 322.202, F.S., conforming to the new division.

Section 14. Amends section 322.21, F.S., conforming to the new division and amending language to allow for revenue sharing by the tax collector if the replacement driver's license or replacement identification card is issued by the tax collector.

Section 15. Amends section 413.012, F.S., conforming to the new division.

Section 16. Provides the bill an effective date of July 1, 2011.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

Based on driver license and identification issuances, current projections for the revenue sharing arrangement indicate an approximate loss of revenue of \$3.1M in the Highway Safety Operating Trust Fund for FY 2011-12.

2. Expenditures:

Savings from facility operating costs and salaries and benefits are estimated at \$5.1M for FY 2011-12.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Based on driver license and identification issuances, current projections for the revenue sharing arrangement indicate an approximate increase of revenue for tax collectors of \$3.1M for FY 2011-12.

2. Expenditures:

Indeterminate. Personnel and facility operating cost needs of individual tax collectors involved in this transition cannot be quantified at this time.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

Based on transition plan recommendations between the department and the tax collectors, this bill allows the tax collector to retain the portion of funds previously deposited into the Highway Safety Highway Operating Trust Fund for all replacement driver license and identification cards issued at a tax collector office. Issuance data from the fiscal year ending June 30, 2010, indicates this arrangement would provide a total additional \$5,755,177 in revenues to the tax collectors upon full transition of license services. However, the trust fund would lose the same amount in funding.

Revenue Sharing Estimate:

FY 2011-12: \$3,050,244

FY 2012-13: \$4,489,038

FY 2013-14: \$5,467,418

FY 2014-15: \$5,755,177 (when full transition annualized)

Total savings comes from salaries and benefits, and facility operating costs for the state offices that would be closed during the transition. The cumulative effect, when coupled with the revenue sharing provisions, would give the department an annualized net savings estimated at \$16 million when fully implemented.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not reduce the authority that municipalities have to raise revenue.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES